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October 30, 1997

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

Dear Mr. Caton:

Pursuant to 47 C.F.R. § 1.405, I have enclosed an original and nine copies of the Opposition of Turner Broadcasting System, Inc. to the Consumers Union and Consumer Federation of America request for Amendment of the Commission's Rules to Update Cable Television Regulations and Freeze Existing Cable Television Rates of 1996. I have also enclosed a diskette containing TBS' Opposition.

If you have any questions or comments, please do not hesitate to contact me.

Sincerely,

Bertram W. Carp
Bertram W. Carp

RM- 9/67
OCT 30 1997
FEDERAL COMMUNICATIONS COMMISSION

Original rec'd 049

DOCKET FILE COPY ORIGINAL
Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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OCT 30 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Amendment of the Commission's Rules) RM-9167
To Update Cable Television Regulations)
and Freeze Existing Cable Television)
Rates of 1996)

OPPOSITION OF TURNER BROADCASTING SYSTEM, INC.

Turner Broadcasting System, Inc. ("TBS"), by its attorneys, hereby opposes the above-captioned petition for rulemaking, filed by the Consumers Union and the Consumer Federation of America. TBS fully supports and joins in the Opposition filed in this proceeding by the National Cable Television Association.

Our purpose here is very briefly to supplement the NCTA Opposition from a programmer's perspective.¹ This perspective is important since one of the six purposes of Title VI of the Communications Act is to "assure that cable communications provide and are encouraged to provide the widest possible diversity of information sources and services to the public."²

¹TBS is a wholly owned subsidiary of Time Warner Inc.

²47 U.S.C. § 521(4) (1991).

If continued, the rate freeze and rate regulation policies pursued by the Commission from enactment of the 1992 Cable Act until the Commission's policy changes in 1995 would have adversely impacted the quality of established satellite networks. They did severely retard the growth of new networks.

An excellent example is The Cartoon Network ("TCN"), launched with less than 2 million subscribers in October, 1992.³ In the view of TCN management, the network's launch would have been far more substantial at an earlier or later date. For example, Fox News launched in October, 1996 (after the FCC relaxed its rate regulation policies) with 12 million subscribers.⁴

Moreover, although TCN has been one of the highest rated satellite networks since its launch, its early growth as well as its launch were adversely affected by restrictive cable rate regulation. After two years, by year-end 1994, the network reached only a little over 10 million cable homes. Largely as the result of changed rate regulation policies, TCN was able to gain over 7 million cable homes in 1995, and well over 10 million homes in 1996 and again in 1997. By year-end 1997 the service

³Turner Network Sales, a division of TBS, which is wholly owned by Time Warner Inc.

⁴Office of Public Affairs, Fox News.

will reach roughly 43 million homes.⁵ In the view of TBS management, the slow initial pattern of subscriber growth for TCN is directly attributable to the regulatory environment. Certainly an examination of other networks launched during this time period would show a similar pattern. If the regulatory policies of 1993 and 1994 had remained in place, TCN's growth would have been stunted and millions of American households would have been denied popular programming that they now enjoy.

Under the Commission's current regulations, price increases are directly linked to programming costs and cable system external costs. These costs clearly do increase the value of cable service to customers, and provide a basis for price increases.

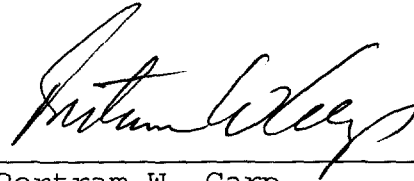
Petitioners have borrowed a leaf from the movie "Groundhog Day." They suggest that the Commission spend the next few years replaying the last five year's history of cable rate regulation all over again. The results in the programming area are foreordained -- a rate freeze will choke off the growth of new programming. Long-term regulations that provide inadequate incentives for programming will reduce the growth of new networks and pinch the programming budgets of established networks. We

⁵Turner Network Sales.

know this will happen, because it has happened, and the history is already reflected in the Commission's voluminous record.

We urge the Commission to reject the petition for rulemaking.

Respectfully submitted,



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October 30, 1997

CERTIFICATE OF SERVICE

I, Elaine Auby O'Hora, hereby certify that on this 30th day of October, 1997, I caused copies of the foregoing Opposition of Turner Broadcasting System, Inc. in RM-9167 to be sent by first-class mail, postage prepaid, or to be delivered by messenger (*) to the following:

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